

Why health insurers should pay for addiction treatment

Treatment works and would lead to net societal benefits

Addiction is a chronic, relapsing-and-remitting disease that has profound effects on thought, emotions, and behavior. As an illness, it places a huge burden on health care services. All primary care physicians will encounter patients with the varied and episodic syndromes of intoxication, withdrawal, and craving. They will also encounter illnesses and injuries that are associated with both the drugs of addiction and the risky behaviors of addicted patients. These include treat-

ment-resistant hypertension, liver and pancreatic diseases, industrial and recreational injury, sleep disorders, and family dysfunction and abuse. Medical specialists and tertiary treatment facilities see huge numbers of patients with illnesses that might have been prevented, such as hepatitis C, fetal alcohol syndromes, traumatic spinal cord and brain injuries, and end-stage psychiatric syndromes. What can be done to reduce this enormous burden?

David Breithaupt

Member

California Society of
Addiction Medicine
Public Policy Committee
California Society of
Addiction Medicine
74 New Montgomery,
Suite 230
San Francisco, CA
94105
dlbmlb@earthlink.net

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The simple answer is that we can reject the therapeutic nihilism that surrounds addiction and start to provide comprehensive treatment to our addicted patients. Treatment of addiction works as well as, or better than, most other therapies for chronic, incurable diseases, especially those that require patients' compliance with lifestyle changes.¹ Therapy works best if the addiction—and associated medical and psychiatric illnesses—is diagnosed early, before permanent damage occurs to cognitive processes that are essential in the struggle for sobriety. Ideally, treatment should begin while patients' family lives and careers are still intact.² Not only does it work, but also addiction treatment is cost-effective.³

The problem is that patients with addiction depend on coverage by their health insurers for treatment. Unfortunately, such coverage is rare. Insurers are, in a sense, preventing primary care physicians from being able to use an important therapeutic tool that could curb this "epidemic." Only wealthy patients who can afford to pay for treatment out of their own pockets are able to access comprehensive addiction treatment. This denial of payment for addiction treatment is part of a trend of declining coverage of psychiatric and behavioral treatments. The Hay Group found that employer-provided health benefit values for such treatments have declined annually.⁴ From 1988 to 1998, the value fell by 54.7% for psychiatric care and 76% for treating substance abuse.

Denying coverage of addiction treatment makes little financial sense. In 1999, the estimated medical expenditure in the United States to treat outcomes associated with addiction was \$300 billion.⁵ Offering treatment nationally would cut these health costs. In the California Alcohol and Drug Treatment Assessment (CALDATA) study, the cost of treating approximately 150,000 substance users was \$209 million, but the savings during treatment and in the first year afterward amounted to \$1.5 billion.⁶ The largest savings were related to reductions in crime. Health during and after treatment improved significantly, with corresponding reductions in use of health services. Emergency room admissions, for example, were reduced by one third after treatment. Treatment is highly beneficial to taxpayers—the CALDATA study found that the cost benefit averages \$7 return for every dollar invested.⁶ The Rand Corporation found that providing unlimited substance abuse benefits in employer-sponsored health plans costs employers only \$5.11 per plan member per year.⁷ It concluded that "limiting substance abuse benefits saves very little in managed behavioral health care plans, but affects a substantial number of patients who need additional care."⁷

California is now leading the way for a change in how we treat people with addictive illnesses, with 2 new pieces of legislation. First, in November of 2000, 61% of California voters approved Proposition 36, the Sub-



James Allen, a former heroin user, has not used the drug for 40 years; he leads the choir at the Addicts Rehabilitation Center, New York

stance Abuse and Crime Prevention Act of 2000 (www.prop36.org). With enactment of this new drug policy, offenders with addictions will be diverted from the California correction system and into community-based addiction treatment programs. The California Legislative Analyst's office estimates that the act will lead to a net state savings of \$100 million to \$150 million.⁸ Therapy for the addicted felon will be beneficial for society. Proper implementation of Proposition 36, even though it covers only a small percentage of people with addictions, is expected to overwhelm existing public and private treatment services; clearly, these will need to be expanded. Second, California State Senator Wes Chesbro is introducing a comprehensive drug treatment parity bill (Senate Bill 599 was passed out of the Senate Insurance Committee on April 18, 2001) that would require that health care service plan contracts provide coverage for treating alcohol and drug addiction.⁹ The bill stops discrimination in health insurance benefits, making lifetime addiction treatment available to all insured citizens. Passage of the bill would signal a public health approach to treating addiction and would enable physicians to provide or initiate treatment. It will reduce the number of people using addictive drugs as well as the prevalence of illnesses that are related to drug misuse.¹⁰ Insurers will undoubtedly fight passage of the bill, denying that parity is affordable and cost-effective for them.

Parity legislation has gained support from, among others, the California Medical Association, the California Society of Addiction Medicine, and the California Society of Public Health Officers. Rather unexpectedly, support for parity has even come from the recently departed commanding general of the failed "War on Drugs." In January 2001, Barry MacCaffrey was asked, "What's the one big thing you've not done?" To this, he replied: "I'd say, 'Get access to insurance for drug abuse and mental health'—it's a no-brainer."¹¹ Society stands to benefit if insurers listen to his words and finally provide the comprehensive coverage for addiction treatment that patients deserve.

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